Newfoundland Labrador

DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION

Bulletin No. Tob 428
Issue Date: April 14, 2016

TAX INFORMATION BULLETIN
TOBACCO TAX
LABRADOR BORDER ZONES

Effective 12:01 a.m. April 15, 2016, the tobacco tax rates for the province of Newfoundland and Labrador have increased. The tobacco tax rebate for Labrador West (Labrador City and Wabush) and Southern Labrador (from the Quebec border to and including the community of Red Bay) have been continued at the existing rates.

The effective tobacco tax rates in these zones apply as follows:

	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	24.5¢	10.75¢	13.75¢
Fine Cut Tobacco (per gram)	40¢	23.36¢	16.64¢

These reduced rates continue to substantially align the Labrador border zones' effective tobacco taxation rates to those in Quebec. This measure is designed to decrease cross-border shopping, and to make businesses in the Labrador border zones more competitive with their Quebec neighbours.

The above rebate rates apply to tobacco products invoiced after April 14, 2016.

Retailers are required to pay the general tax rate of 24.5¢ per cigarette and 40¢ per gram of fine cut tobacco and apply for a rebate of the difference between the general rates and the Labrador border zone rates. However, consumers pay the effective tax rate when they purchase tobacco from retailers.

Monthly rebate claims for retailers should be made using the *Labrador Border Zones Rebate Application Form*.

The quota system in the Labrador border zones will remain in effect. The annual quota for tobacco eligible for the rebate is 110,000 carton equivalents (cigarettes and fine cut tobacco combined) in Labrador West and 16,000 carton equivalents

in Southern Labrador. The quota will continue to be monitored on a monthly basis. Rebates will not be granted for quantities in excess of the quota amount.

Rebate claims should be submitted to the address below:

Department of Finance
Tax Administration Division
P.O. Box 8720
St. John's, NL
A1B 4K1

Phone: (709) 729-6297
Toll Free: 1-877-729-6376
Fax: (709) 729-2856
email: taxadmin@gov.nl.ca

Disclaimer: This bulletin is prepared as a guideline and interpretation of the statutes. Where a conflict between the bulletin and statutes arise, the statutes will take precedence.